

AMENDED IN SENATE JULY 7, 1996
AMENDED IN SENATE JUNE 5, 1996
AMENDED IN ASSEMBLY JANUARY 23, 1996
AMENDED IN ASSEMBLY JANUARY 4, 1996
AMENDED IN ASSEMBLY MAY 3, 1995
AMENDED IN ASSEMBLY APRIL 6, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 1650

Introduced by Assembly Member Morrissey
(Coauthors: Assembly Members Battin, Boland, Bowler,
Conroy, Harvey, House, Richter, and Thompson)
(Coauthors: Senators Hurtt and Monteith)

February 24, 1995

An act to add Section ~~4664~~ to the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1650, as amended, Morrissey. Workers' compensation.

Existing law makes it unlawful to make any knowingly false or fraudulent material statement for the purpose of obtaining workers' compensation.

This bill would provide that an insurer or self-insured employer may provide a specified notice to an injured worker on or with a check for temporary disability benefits. The notice would state that the acceptance of employment that

requires the performance of activities that the worker has stated that he or she cannot perform because of an injury could constitute fraud and result in criminal prosecution.

~~Existing law provides that a worker who is injured during the course of his or her employment is entitled to receive workers' compensation benefits, except as specified.~~

~~This bill would require an injured worker who is receiving temporary or permanent disability benefits, upon request of the insurer or self-insured employer, to report all earned income and benefits, with certain exceptions, as specified, to the insurer or self-insured employer that is paying the compensation. The employee's report of income and benefits would be required to be signed under penalty of perjury, thus expanding the scope of an existing crime. If the employee fails to file the report, benefits payments may be suspended after notice to the employee, as specified.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: ~~yes~~ *no*.

The people of the State of California do enact as follows:

1 ~~SECTION 1. Section 4664 is added to the Labor Code,~~

2 *SECTION 1. Section 1871.8 is added to the Insurance*
3 *Code, to read:*

4 *1871.8. An insurer or self-insured employer may*
5 *provide the following notice to an injured worker on or*
6 *with a check for temporary disability benefits:*

7
8 *Warning: Acceptance of employment that requires the*
9 *performance of activities that you have stated that you*
10 *cannot perform because of the injury for which you are*
11 *receiving temporary disability benefits could constitute*
12 *fraud and could result in criminal prosecution. If*
13 *convicted, you could lose your rights to workers'*

1 *compensation benefits and face imprisonment for up to*
2 *five years and a fine of up to fifty thousand dollars*
3 *(\$50,000) or double the amount of the fraud, whichever*
4 *is greater.*

5
6 to read:

7 ~~4664. (a) Where requested by the insurer or~~
8 ~~self-insured employer, a person receiving temporary~~
9 ~~disability benefits or permanent disability benefits shall~~
10 ~~report all wages or salary earned from any source,~~
11 ~~including compensation received for work performed as~~
12 ~~an independent contractor. For purposes of reporting~~
13 ~~income earned from any source received for work~~
14 ~~performed as an independent contractor, the initial fifty~~
15 ~~dollars (\$50) per week shall be exempt from the~~
16 ~~reporting requirement. The report shall be submitted to~~
17 ~~the insurer or self-insured employer that is paying the~~
18 ~~benefits to the injured employee every three months,~~
19 ~~beginning three months after the first payment is~~
20 ~~received. Where requested, the information received~~
21 ~~shall be utilized by the insurer or self-insured employer~~
22 ~~for assessing whether the work performed by the injured~~
23 ~~worker is consistent with the injury for which the person~~
24 ~~is receiving temporary or permanent disability payments.~~

25 ~~(b) If an insurer or a self-insured employer notifies an~~
26 ~~employee receiving benefits of the duty to report, it shall~~
27 ~~use the form specified in subdivision (d). The form shall~~
28 ~~be signed under penalty of perjury by the reporting~~
29 ~~injured employee.~~

30 ~~(c) If the employee fails to make the report required~~
31 ~~by subdivision (a), the insurer or self-insured employer~~
32 ~~shall notify the employee that the report has not been~~
33 ~~received and that payment of benefits will be suspended~~
34 ~~unless the report is received within 30 days. If the injured~~
35 ~~employee does not file the report within 30 days, the~~
36 ~~insurer or self-insured employer may issue a notice~~
37 ~~suspending payment of benefits and stating that no~~
38 ~~further benefits will be made until the report is filed.~~

39 ~~(d) For purposes of the requirements of this section,~~
40 ~~the following form shall be used:~~

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3 ~~NOTE TO PRINTING PLANT: INSERT TIP-IN~~
4 ~~MATERIAL HERE~~
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1 ~~SEC. 2. No reimbursement is required by this act~~
2 ~~pursuant to Section 6 of Article XIII B of the California~~
3 ~~Constitution because the only costs that may be incurred~~
4 ~~by a local agency or school district will be incurred~~
5 ~~because this act creates a new crime or infraction,~~
6 ~~eliminates a crime or infraction, or changes the penalty~~
7 ~~for a crime or infraction, within the meaning of Section~~
8 ~~17556 of the Government Code, or changes the definition~~
9 ~~of a crime within the meaning of Section 6 of Article~~
10 ~~XIII B of the California Constitution.~~

11 ~~Notwithstanding Section 17580 of the Government~~
12 ~~Code, unless otherwise specified, the provisions of this act~~
13 ~~shall become operative on the same date that the act~~
14 ~~takes effect pursuant to the California Constitution.~~

